

# Exhibit K

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark one)



QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2005

OR



TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 0-22999

**TARRAGON CORPORATION**

(Exact name of registrant as specified in its charter)

Nevada  
(State or other jurisdiction of incorporation  
or organization)

94-2432628  
(I.R.S. Employer  
Identification No.)

1775 Broadway, 23<sup>rd</sup> Floor, New York, NY 10019

(Address of principal executive offices) (Zip Code)

(212) 949-5000

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes ☒ No ☐

Common Stock, \$.01 par value  
(Class)

24,688,017  
(Outstanding at July 29, 2005)

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## PART II. OTHER INFORMATION

**ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS****Sale of Unregistered Securities**

On July 1, 2005, 163,399 shares of Common Stock were issued upon conversion of \$2 million of the 8% Senior Convertible Notes.

On April 22, 2005, we entered into an agreement with Flecboa, Inc., to purchase its 30% membership interest in Fenwick Tarragon Apartments, LLC, which owns Vintage at Fenwick Plantation Apartments. We executed a \$967,000 promissory note payable to Flecboa, secured by 55,402 unregistered shares of our common stock with a market value at April 15, 2005, of \$1 million. The shares were issued pursuant to the exemption provided under Section 4(2) of the Securities Act. Upon the maturity of the promissory note on January 6, 2006, Flecboa may elect to retain the common stock and cancel the promissory note or receive \$1 million cash and return the common stock.

On May 24, 2005, we entered into an agreement with Flecboa, Inc., to purchase its 30% membership interest in Summit/Tarragon Murfreesboro, LLC, which owns Vintage at the Parke Apartments, for \$1.5 million. As a contract deposit, we delivered 55,402 unregistered shares of our common stock with a market value as of April 15, 2005, of \$1 million. The shares were issued pursuant to the exemption provided under Section 4(2) of the Securities Act. We expect this transaction to close in the third quarter of 2005, at which time we will execute a \$1.5 million promissory note secured by the unregistered shares of common stock. In January 2006, Flecboa may elect to retain the common stock or to return the common stock and be paid in cash the amounts due under the promissory note.

*Share Repurchase Program.* In September 2001, our Board of Directors authorized the repurchase of up to 1 million shares of our common stock. In March 2004, the Board of Directors authorized the repurchase of up to an additional 500,000 shares. This share repurchase program has no expiration date. Through June 30, 2005, we had repurchased 834,512 shares of our common stock pursuant to this repurchase program. The following table presents shares repurchased during the three months ended June 30, 2005.

Period	Total Number of Shares Repurchased	Average Price Paid per Share	Total Number of Shares Repurchased as Part of Publicly Announced Program	Maximum Number of Shares that May Yet Be Repurchased Under the Program
April 1 thru April 30, 2005	24,003	\$19.03	24,003	
May 1 thru May 31, 2005	—	—	—	
June 1 thru June 30, 2005	—	—	—	
Total	<u>24,003</u>	<u>\$19.03</u>	<u>24,003</u>	665,488